



STATE OF NORTH DAKOTA  
**OFFICE OF STATE TAX COMMISSIONER**  
Cory Fong, Commissioner

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To: North Dakota Income Tax Withholding Taxpayers  
From: Office of State Tax Commissioner, Tax Compliance Section  
Date: November 15, 2007

Please note the following information regarding North Dakota Income Tax Withholding:

2008 Withholding Rates and Instructions

The publication *Withholding Rates and Instructions for Wages Paid in 2008* is now available on our website at [www.nd.gov/tax](http://www.nd.gov/tax). Click on Income Tax Withholding on the left side of the page, then click Publications, and then Income Tax Withholding Tables. The booklet explains the three acceptable income tax withholding methods available to employers and provides the applicable withholding rates for 2008. If you cannot access this document, or if you need a copy mailed to you, please contact our office. Booklets will not be mailed unless requested.

The *North Dakota Individual Income Tax Withholding Tables* (daily, weekly, biweekly, semimonthly, or monthly) are also available on our website. If you have requested a hard copy of these tables in past years, you will receive the 2008 tables by mail in December 2007.

Income Tax Withholding Information Returns

**W-2 Forms:** In general, all employers located in North Dakota and all out-of-state employers with employees working in North Dakota must file W-2 information returns with the Tax Commissioner.

**1099 Forms:** All types of 1099 returns required by the IRS are also required by the Tax Commissioner's Office except for 1099's containing interest, dividends, pensions, or annuities with no North Dakota income tax withholding.

W-2 and 1099 information returns may be submitted to the Tax Commissioner by the following three methods:

- Electronically upload information returns from the Tax Commissioner's website. This method is strongly encouraged, especially for companies that have already prepared a digital file for the Social Security Administration. For more information, see Electronic Filing under Income Tax Withholding on our website.
- Mail a digital file on a CD, 3 1/2 inch diskette, or e-mail a file attachment to [magmedia@nd.gov](mailto:magmedia@nd.gov).
- Mail paper W-2 or 1099 forms with completed *Form 307 Transmittal of Wage and Tax Statement*.

The Form 307 *Transmittal of Wage and Tax Statement* will be mailed to each employer in December. This form must be completed and returned with the applicable information returns if any of the following conditions apply:

- W-2 information is submitted to the Tax Commissioner's Office on paper returns (not in a digital file or uploaded electronically), or
- An employer maintained a withholding tax account with the Tax Commissioner during 2007 but did not have employees during the year, or
- A taxpayer submitted 1099 information to the Tax Commissioner's Office on paper (not in a digital file or uploaded electronically) and North Dakota income tax was withheld.

A Form 307 Transmittal should not be filed when W-2 or 1099 information is submitted on a digital file or uploaded electronically. For additional information about submitting Forms W-2 or 1099 and identifying who is required to file these forms, please see our Income Tax Information Returns Guideline at [www.nd.gov/tax/indwithhold](http://www.nd.gov/tax/indwithhold).

### Property Tax Relief

2007 Senate Bill 2032 provides for two new income tax credits based on property taxes that became due in 2006 or that will become due in 2007. Employers should not reduce North Dakota income tax withholding in response to these new credits.

### Withholding for Native American Employees

2007 House Bill 1393 expanded the income tax exemption available to Native American employees. Effective for tax years beginning after December 31, 2006, wages paid to a Native American for services performed are exempt if all of the following are true:

- The employee is an enrolled member of a federally-recognized Indian tribe;
- The employee lives on any Indian reservation in North Dakota; and
- The wages are paid for services performed on any Indian reservation in North Dakota.

### Form 500

A *Form 500* is an authorization for the Tax Commissioner to disclose confidential information to a taxpayer's representative. This form must be signed by the taxpayer before the Office of State Tax Commissioner may discuss your account with your tax preparer. If you wish to allow your tax preparer to discuss your account with us, please complete a *Form 500* and submit it to our office. The form can be found at [www.nd.gov/tax/genforms](http://www.nd.gov/tax/genforms) or is available from our office by mail upon request.

### Taxpayer Assistance

If you have questions regarding income tax withholding or about correspondence received from our office, the following information will be helpful in ensuring that your call or visit to our office is completed in a speedy and efficient manner:

- If you have general income tax withholding questions, please call our Tax Compliance Section at (701) 328-3125.
- If calling our office about correspondence you have received, please call the number that is listed on the correspondence, and have a copy of the correspondence available when you call.
- When calling our office, please note the name of the person assisting with your question in the event you will have any follow-up questions later.
- Instead of calling or visiting our office, you may also e-mail us at [withhold@nd.gov](mailto:withhold@nd.gov).